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# What is Fiscal Decentralisation and how does it impact on health and healthcare inequalities across the world? A systematic review of evidence

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## Abstract

### Introduction:

Among Decentralisation policies, Fiscal Decentralisation (FD) – the allocation of pooling and spending responsibilities to local authorities – is gradually dominating the international health policy arena with the promise to increase technical efficiency of healthcare services. It is unclear, however, how it may impact on local health and healthcare inequalities. Published reviews focus on the effects of healthcare Decentralisation in general and only marginally touch upon FD.

### Methods:

We conducted a systematic literature review of 32 studies gathered from Pubmed, Web of Science and EBSCO, to explore the impact of FD on health and healthcare inequalities in public health services of developing and developed countries.

### Results:

Two interesting considerations arise from our provisional results: (i) the concept of FD is largely misinterpreted within the literature as it is often confused with other types of Decentralisation. The diversity of indicators and outcomes we encountered in our review reflect this incongruity: most of the studies that present a negative correlation between FD and worsening health statuses focus on health systems organised at the local level and subsidised by national block grants, a feature which is not in line with the concept of FD.

(ii) The majority of analysed literature touches upon the effect of FD on Infant Mortality Rate (IMR) making a case for increased benefits of FD on IMR over the years. While none of the gathered data explains the link between implementation of FD and reduction of IMR (e.g. increased expenditure for maternity wards; increased length of hospitalisation), the literature suggests that those improvements are likely to occur in wealthier rather than poorer areas.

Overall, initial results suggest that FD may bring limited heterogeneous advantages to the population's health: only wealthier localities eager to spend more on health resources than

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more impoverished areas seem to benefit from FD. For what concerns worst-off regions, it remains difficult to assess whether FD is beneficial or harmful to people's health. Furthermore, these findings inform that regional disparities in public healthcare outcomes persist – and risk to be widened – under FD.

**Conclusion:**

Decentralisation could be a legitimate step for many central governments to take, especially in large heterogeneous countries. However, conditions to ensure equity from regions to regions must be met. Our initial findings suggest that while FD could be a relevant option for increasing efficiency, it might contribute to widening regional health and healthcare inequalities, with detrimental effects on population's health.

**Keywords:** Fiscal Decentralisation, Fiscal Federalism, health inequalities, healthcare inequalities, regional inequalities, health systems